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HEWLETT-PACKARD COMPANY

Written Statement for the California E-Waste Forum (Conducted on November 25, 2002)

**Submitted
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Hewlett-Packard Company (HP) is pleased to submit the following written comments for the California e-waste forum convened by the California Environmental Protection Agency (Cal/EPA), the Department of Toxic Substances Control (DTSC), and the California Integrated Waste Management Board (CIWMB). HP is a leading global provider of products, technologies, solutions and services to consumers and businesses. The company's offerings span IT infrastructure, personal computing and access devices, global services and imaging and printing.

HP has a strong commitment to environmental protection and corporate citizenship. HP is dedicated to designing and producing products in an environmentally sound manner and playing a leadership role in the recycling of products for our customers. HP was one of the first computer companies to offer a nationwide recycling service to customers that offers a convenient way of recycling used computers and peripherals in an environmentally sound manner. For more information on this service, see <http://www.hp.com/recycle>. The company operates two state-of-the-art recycling facilities in the U.S., including a major facility in California. Our facility in California recycles approximately four million pounds of used computer products each month, and all materials are processed in an environmentally sound manner within the U.S. and Canada.

1.0 The Need for a National Solution for CRT Recycling

HP supports a national solution for cathode ray tube (CRT) recycling and does not believe that state-by-state approaches are the most efficient way of promoting cost effective, environmentally sound recycling. A patchwork of differing state systems will be inefficient and expensive and would not be the best approach for the environment. HP is working to develop national solutions, and we believe that California should work with the technology industry and other stakeholders to develop a comprehensive national solution. If California nonetheless proceeds now with state CRT legislation, the state

should develop a system that is consistent with federal regulatory requirements, and any California law should sunset upon the adoption of national recycling legislation.

HP's goals are to develop a structure for CRT recycling that meets environmental protection goals in the most flexible, cost effective manner possible. The agencies convening the e-waste forum raised several questions in their announcement about the application of European models to California. HP believes that we can learn from the European experience in trying to achieve our goals, but we need to keep things in perspective in evaluating the approaches being experimented with in Europe. The United States is not Europe; there are important political, geographic, population density, cultural, and other differences. While approaches adopted in Europe may provide useful insights, we should not simply adopt a particular European model wholesale. Europe is still developing its approaches and is experimenting with a variety of systems; there is no single European model. No one yet knows precisely how the European Union Directive on Waste Electrical and Electronic Equipment (WEEE) ultimately will be implemented and whether it will be successful. Similarly, the European national programs have been put in place only in the past few years.

Accordingly, HP believes that California should work to help develop a national solution for CRT recycling. If, however, California deems it necessary to proceed before a national system is in place, HP offers the following recommendations for moving forward in the development of a producer responsibility based CRT recycling system. These guidelines are intended to help shape a system that is efficient, flexible, non-prescriptive, and fair. The purpose of these principles is also to help shape a system that achieves our environmental goals in a way that avoids the imposition of unnecessary costs and to enable innovation in recycling systems, technologies, and environmental design.

2.0 Regulatory Framework for CRT and Electronics Recycling

As a preliminary matter, it is important that California establish an appropriate regulatory framework governing the handling and recycling of CRTs and other electronics. Regulations on recycling operations and the classification of electronics products returned for recycling should not be unduly prescriptive and add unnecessary costs. While HP believes that a landfill ban can help promote increased recycling, HP is concerned that other regulatory actions taken by the state are going in the wrong direction. CRT legislation in California should establish a more appropriate regulatory framework for the management of CRTs being recycled.

Classification of computer monitors containing CRTs as hazardous wastes is unnecessary. As the U.S. Environmental Protection Agency has recognized in a proposed rulemaking, computer monitors (as well as other computer products) do not pose environmental or health risks during normal handling, transportation, and recycling. Therefore, imposing hazardous waste requirements on recycling of these products in California would increase costs unnecessarily with no corresponding environmental benefit. The recent DTSC proposed regulations on consumer electronic devices take the wrong approach in this regard and are not warranted or appropriate. In contrast, the

federal EPA's proposed rule on CRTs is a good model for an environmentally sound, economically efficient regulatory system for electronics recycling because it establishes reasonable environmental protections while also allowing the products to move freely for recycling so long as those conditions are satisfied.

In addition to establishing reasonable regulatory requirements for the transportation and handling of CRTs, California must establish reasonable regulations applicable to recycling facilities. Electronics recycling facilities should be held to reasonable standards, but these standards need not be equivalent to the requirements applicable to hazardous waste facilities. So long as recycling facilities satisfy basic environmental and waste standards, these facilities should not be required to obtain hazardous waste processing permits and otherwise meet strict hazardous waste management and transportation regulatory requirements. Prescriptive regulations could drive recycling out of California. Moreover, such requirements will make it needlessly difficult for California consumers to return their products for recycling, as well as for manufacturers to put in place recycling programs for their products in California, and so frustrate the purpose of computer recycling, raise costs, and diminish the environmental benefits to be achieved.

HP is prepared to work with California to develop appropriate requirements. However, we urge the Department to reconsider its recently proposed regulations on Consumer Electronic Devices, and CRT recycling legislation adopted in California should establish the framework for a more appropriate regulatory structure for CRT recycling.

3.0 Scope of a Producer Responsibility System for Computer CRT Recycling

HP continues to believe that California should work toward national recycling solutions. However, in the event that California proceeds with legislation, HP believes that such legislation should be limited to computer products containing CRTs that are discarded from households in the state. This scope would target the primary products of concern and the primary source of CRT products that the agencies have said are not adequately managed under existing law.

3.1 Limit Scope to Computer CRT Monitors

For computer products, any legislation should be limited to computer products containing a CRT, which means computer monitors. CRTs are the primary product of concern identified by California due to the presence of lead in these devices, and they were the subject of an advance fee bill passed by the legislature but vetoed by the Governor during the last session. Moreover, we believe that an incremental approach makes the most sense in this newly emerging area. The focus should be on a single product category to gain experience with any legislation before considering whether and how to apply it more broadly to other products. An incremental approach would enable the state and all stakeholders to make appropriate adjustments in the legislation based on this experience and lessons learned. In addition, a focused scope would allow for the further development of an efficient recycling infrastructure. California -- and all the stakeholders in California who will be implementing the recycling system for CRTs -- in

essence will be embarking upon a new type of arrangement for which there is no proven precedent on which we can confidently rely for success. For these reasons, HP believes that we need to “walk before we run.”

3.2 Limit Scope to Computer CRT Monitors from Households

Any legislative recycling program for computer CRTs should apply only to CRT containing monitors from private households. CRTs monitors from commercial entities should not be subject to the program. This approach would address the key challenge identified by the municipal governments in California -- CRTs held by households that are currently not being recycled in large volumes and instead are finding their way into the municipal waste stream.

CRT monitors from commercial entities should be handled by contractual arrangements between the business and a recycler, either as part of a new product purchase or as a stand-alone service. There is a currently existing infrastructure for managing products from commercial entities, and businesses have the resources to negotiate for recycling services, particularly as part of new product purchases. The CRT containing products of commercial entities can currently be recycled and be kept out of the municipal waste stream in an efficient manner. HP and other computer companies provide recycling services as a service to commercial customers and often compete on providing this service. This approach is successful and should not be disrupted.

4.0 The Structure of Producer Responsibility Legislation or CRT Recycling

HP believes that any producer responsibility legislation for CRT recycling must adhere to the following principles.

4.1 Producer Responsibility for CRT Recycling after Collection and Consolidation

Manufacturers should be responsible for recycling household computer monitors only after the collection and consolidation of these returned or discarded products. This approach would be the most environmentally sound, economically efficient approach by utilizing the existing infrastructure. This approach would also implement the concept of shared responsibility, which HP believes is central to addressing end-of-life electronics recycling.

4.2 Individual Responsibility for our Own Brand Products

Manufacturers should be individually responsible only for their own brand products. Manufacturers should not be collectively responsible (i.e., legally liable for the recycling of all covered products), a model under which one company is responsible for the products of another. The individual responsibility approach would best provide incentives for improved design and would be the most fair to all manufacturers. Of course, companies would have the flexibility to implement their legal responsibility in an

individual or collective manner, i.e., by setting up individual programs, by working with other companies, or by some combination of program offerings.

4.3 Flexibility

Legislation should not dictate the precise means of implementation, such as the formation of a third party organization. Companies must retain the flexibility to devise the most efficient means of recycling their products. This approach would best encourage competition and achieve the lowest overall cost.

4.4 Enforcement

California must develop a system to ensure enforcement and to provide the resources required to implement an effective enforcement system. Adequate enforcement is essential to ensuring a level playing field under a producer responsibility model. There must be assurance that all companies are discharging their obligations fully. HP will certainly discharge its legal obligations in full compliance with the law, and this legal compliance will impose added costs on HP. In order to ensure that companies accepting their responsibilities are not penalized by the potential noncompliance of other companies, it is critical that the state enforce its law. It is not clear how California would enforce a recycling mandate on manufacturers of CRTs. This will be a very important issue to be resolved. California needs to ensure that it will actively monitor and detect for non-compliance and take action against companies not complying. We look forward to working with California on this important issue.

4.5 CRT Regulation

As noted above in Section 2.0, CRT legislation should establish a reasonable regulatory framework governing the classification of CRT-containing products and recycling facilities. HP is concerned that DTSC's proposed regulations governing the handling and recycling of CRTs (in addition to other electronics) are going in the wrong direction. In contrast, the U.S. Environmental Protection Agency's (U.S. EPA) proposed rule, issued June 12, 2002, for the management of CRTs and CRT glass is a better model for an environmentally sound, economically efficient regulatory system. The proposed federal rule is preferable because it allows products to move freely for recycling and establishes reasonable waste management requirements for the CRTs and CRT glass. This approach should be adopted administratively by California once the federal regulations are finalized, and any CRT legislation adopted by the state should adopt a sensible legal framework governing the handling, transportation, and processing of CRTs.

4.6 CRT Recycling Targets.

The legislation should not impose recycling targets. The European Union WEEE Directive imposes various recycling and recovery targets. These targets were established without a factual basis and likely will only further complicate implementation of the Directive. California should collect more data and gain experience with a CRT recycling program before deciding whether to impose targets for CRT recycling and, if so, what those targets should be.

4.7 CRT Design Requirements.

Legislation should be focused solely on recycling, and California should not seek to adopt product design requirements (e.g., material restrictions, labeling, etc.). State specific product design requirements are highly questionable as restraints on interstate commerce and unnecessarily raise costs. State imposed labeling requirements, for example, pose significant challenges for international companies whose products are shipped worldwide and are not produced for single state markets. In addition, product design requirements are not necessary because manufacturers will have the incentive to improve product design through an individual responsibility system. Design requirements that would apply to products in the future are also ineffective and unrelated to a recycling program that would for many years handle products designed and sold long ago. In short, California should focus on the task at hand: development of a reasonable system for recycling household CRTs.

4.8 Timing.

Any CRT recycling legislation must provide an adequate phase-in period to allow companies, consumers, municipalities, and others time to prepare to implement and comply with the new requirements.

4.9 Preemption of Local Ordinances.

The legislation must ensure that local governments within California would be prohibited from enacting ordinances or other prescriptive requirements on manufacturers, or front-end fees on CRTs.

4.10 Sunset Provision.

Given that federal legislation is preferred over state-by-state approaches, any legislation in California must ensure that it sunsets at the time federal legislation covering the recycling of CRTs is enacted.

5.0 Conclusion

Hewlett-Packard believes that the principles outlined in these comments are a sound basis for a viable CRT recycling program in California. These principles are intended to provide the basis for an efficient, flexible system for the recycling of CRTs. HP looks forward to working constructively with California legislators and agencies to address this challenge.

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